

July 7, 2005

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SCIENCE AND TECHNOLOGY ADVISER TO THE SECRETARY

SUBJECT: REPORT ON THE FIRST MEETING OF THE U.S. – RUSSIA INNOVATION  
COUNCIL ON HIGH TECHNOLOGIES – MOSCOW, JUNE 22-23, 2005

### **Executive Summary**

The United States – Russia Innovation Council on High Technologies (ICHT) met for the first time on June 22 and 23, 2005 at the Ministry of Education and Science in Moscow, Russia. The 20 member ICHT, led by United States and Russian co-chairs Dr. George Atkinson, Science and Technology Adviser to the U.S. Secretary of State and Professor Sergey Mazurenko, Head, Federal Agency on Science and Innovation, is composed of nine members from each country representing both the public and private sectors. While numerous presentations were made by U.S. and Russian participants describing the current Russian environment for innovation, this first meeting of the ICHT dealt primarily with organizational issues with an emphasis on structuring several Focused Working Groups (FWGs) to address specific topics critical to future U.S. - Russian cooperation on high technology innovation.

The ICHT identified four focus areas (listed below) considered essential for expanding the commercialization of science and technology in Russia through partnership with United States business, universities and research institutions. Ultimately, partners from both countries are expected to have greater access to markets as a consequence of their collaboration. The FWGs, each to be co-chaired by United States and Russian ICHT members and with membership of up to six additional ICHT and non-ICHT participants, will submit their initial recommendations to the ICHT by September 2005. These recommendations will serve as the basis for the agenda of the next ICHT meeting which is tentatively scheduled to take place in Washington, D.C. in late January or early February, 2006. The ICHT also appointed a Secretariat composed of representatives from the United States and Russia to address communication and administrative issues.

### **Background**

In October 2003 President Bush and President Putin met at Camp David and agreed that the United States and Russia should cooperate on high technology issues, innovation and entrepreneurship. Consequently the Office of Technology Policy of the Technology Administration (TA) negotiated a Memorandum of Understanding (MOU) on Cooperation in Technology and Innovation with the Ministry of Education and Science (MES) of the Russian

Federation. The primary objective of the MOU is to promote bilateral public and private sector cooperation in stimulating commercial science and technology (S&T) innovation and entrepreneurship. The creation of partnerships between United States and Russian S&T companies, large and small, is considered to be an important mechanism for achieving this objective. On April 19, 2004 the MOU was signed by Minister of Education and Science Andrey Fursenko and Secretary of Commerce Don Evans.

Negotiations then commenced with the MES on developing Terms of Reference (TOR) for a United States-Russia Innovation Council on High Technologies (ICHT). The ICHT was charged with developing programs and recommendations design to achieve objectives specified in the MOU. TA advocated the necessity for both United States and Russian commercial representation on the ICHT. Russian counterparts fully agreed, and the final TOR was signed on November 16, 2004, at the Department of Commerce by Under Secretary for Technology Phillip Bond and Professor Sergey Mazurenko, Head of the Federal Agency for Technology and Innovation which is part of the MES. The ICHT is composed of nine members from the United States, five of which represent the business community and nine members from the Russian Federation, four of which represent the business community. Lists of Russian and United States ICHT members are provided in Attachments 1 and 2.

### **Program of the First ICHT Meeting**

The ICHT held its first meeting at the MES in Moscow on June 22 and 23, 2005. A copy of the meeting agenda is provided as Attachment 3. The meeting was co-chaired by Dr. George Atkinson, Science and Technology Adviser to the Secretary of State, and by Prof. Sergey Mazurenko, Head of the Federal Agency for Science and Innovation (FASI). Dr. Atkinson agreed to serve as interim co-chair for the United States until a new Under Secretary for Technology is appointed who will then serve as permanent United States co-chair. The first meeting was envisioned by both the U.S. and Russian participants as an exploratory session. The agenda focused on providing background on existing S&T policy and programs that promote innovation and entrepreneurship. United States business representatives provided overviews of their programs that are aimed at stimulating greater commercialization of Russian S&T capabilities that could lead to new United States and Russian business partnership opportunities. United States participants were clearly as interested in learning from Russian counterparts as they were in providing advice. The tone of the meeting was friendly and comments by members were candid and optimistic.

### **Focused Working Groups (FWG)**

The main objective of the initial ICHT meeting was to develop recommendations for the agenda of the next meeting of the ICHT in the United States. Topics for four FWGs were agreed upon and their topic descriptions were negotiated by the ICHT. The negotiated wording, English translated from Russian in italics, for each group is as follows:

1. The role of universities and research organizations in the processes of innovation and commercialization (*The part of universities and research organizations in processes of innovations and commercialization*)
2. Facilitating the creation and development of small, innovative, high-technology businesses (*Assistance to creation and development of the innovative high technology companies of small business sector*)
3. Issues of intellectual property, its ownership and uses (*Questions of intellectual property, its implementation and ownership*)

4. Encouraging the expansion of investment opportunities (*Assistance to expansion of investment opportunities*)

Each FWG will be co-chaired by United States and Russian ICHT members and will be no larger than eight persons including co-chairs. Members of the FWGs can be selected from either individuals serving on the ICHT or from non-ICHT members having specific expertise and/or experience germane to the specific topics under consideration. Each FWG will provide recommendations and comments to the ICHT by September 2005.

**ICHT Secretariat**

A Secretariat was created to serve the organizational needs of the ICHT. The Secretariat would be responsible to facilitate confidential communications among the U.S. and Russian members of the ICHT. It was agreed, however, that any information or statement issued publicly on behalf of the ICHT would require the approval of the two co-chairs.

Currently, the Secretariat is staffed by:

**United States**

Ken Ferguson – Chief, International Technology Programs  
Technology Administration, Department of Commerce

Daniel O’Grady – Deputy Cultural Affairs Officer  
United States Embassy – Moscow

**Russia**

Dr. A.V. Suvorinov – Senior Advisor to the Head of FASI  
Ministry of Education and Science

Mr. Andrey Orekhov – Science Counselor  
Russian Embassy – Washington, D.C.

**Convene the Next Meeting of the ICHT in the United States**

Assuming reasonable progress by the FWGs, the next meeting of the ICHT is tentatively scheduled to be in Washington, D.C. in either late January or early February 2006.

A review of the overall progress of the FWGs would be made by the Co-Chairs in October, 2005, based on the FWG reports due by the end of September, 2005.

## **Attachment 1**

### **RUSSIAN MEMBERS of the U.S. - Russia Innovation Council on High Technologies**

- |                                     |  |
|-------------------------------------|--|
| 1. MAZURENKO Sergey Nikolayevich    | - Co-chairman of the Council, Head of the Federal Agency on Science and Innovations                  |
| 2. ALDOSHIN Sergey Mikhailovich     | - Director, Institute of Problems of Chemical Physics of RAS (Russian Academy of Sciences)           |
| 3. ANDREYEV Sergey Gennadievich     | - General Director, “ABBYY Software House” Company, Russia   |
| 4. VLADIMIR Nikolay Mikhailovich    | - Deputy Director of the North America Department, MFA RF  |
| 5. VORONIN Vyacheslav Pavlovich     | - Member of Board of Directors, Executive Director of “Service” Business Unit, RAO UES               |
| 6. KUDRYAVTSEV Nikolay Nikolayevich | - Rector of State educational establishment “Moscow Physics Technical Institute” (State University)  |
| 7. MIKHAILOV Nikolay Vasilievich    | - Board of Directors member of AFK (JSFC) “Systema” Corporation                                      |
| 8. NIKKONEN Al’bina Ivanovna        | - Executive Director of the Russian Association of venture investments                               |
| 9. KHAYKIN Valeriy Leonidovich      | - Chairman of Committee on the development of biological and medical industry, Russian Trade Chamber |
| 10. KHALIKOVA Aygul’ Rashidovna     | - Assistant to Minister of Economic Development and Trade of the Russian Federation                  |

Guests: Minister Andrey Fursenko, V.V. Nichkov, I.P. Bilenkina, B.P. Simonov, A.V. Suvorinov, V.N. Pilipenko, A.G. Fonotov, I.M. Bortnik, V.A. Beshpalov, A.A. Orekhov

## **Attachment 2**

### **United States Members US-Russia Innovation Council on High Technologies**

#### **Business Representatives**

Cathleen Campbell – Senior Vice President, Civilian Research and Development Foundation

Stephen Chase – President, Intel-Russia

Jeffrey Milanette, President, Innovation Partners, Inc.

Leon Polott – President, 5iTech

Terry Young – President, Terry Young Group, LLC

#### **U.S. Government Representatives**

Department of Commerce

Technology Administration – Ken Ferguson

United States Patent and Trademark Office – Charles Eloshway

Department of Energy

Initiatives for Proliferation Prevention – Anne Phillips

Department of State

Dr. George Atkinson - Science and Technology Adviser to the Secretary

Co-Chairman of the Council -Interim

National Academies of Science

Director Technology, Innovation and Entrepreneurship – Dr. Charles Wessner

Guests: P. Quanrud, L. Ulers, S. Dembski, D. O’Grady, N. Van Horn, M. Ulers, M. Zhemchuzhnikova, R. Vvedensky

**Attachment 3**

**First Meeting of the  
U.S. Russia Innovation Council on High Technologies  
Ministry of Education and Science  
Moscow, Russian Federation**

**June 22-23, 2005**

***Wednesday, June 22, 2005***

**10:00 –10:15 a.m.**

**Welcome & Opening Remarks  
Introduction of Russian Council Members  
*Minister Andrey Fursenko  
Ministry of Education and Science***

**10:15-10:30 a.m.**

**Introduction of U.S. Council Members  
*Dr. George Atkinson  
U.S. Science and Technology Adviser  
to the Secretary of State***

**10:30-11:00 a.m.**

**“Main Elements of the Science and Technology and Innovation  
Policy of the Russian Federation Today”  
*Professor Sergey Mazurenko  
Head, Federal Agency on Science and Innovation***

**11:00-11:30 a.m.**

**“The U.S. Innovation System-Myths and Realities”  
*Dr. Charles Wessner  
Director of Technology, Innovation and Entrepreneurship  
National Academy of Sciences***

**11:30 –11:50 a.m.**

**Coffee Break**

11:50 a.m.-1:50 p.m.

**“LESSONS LEARNED”**  
***NURTURING ENTREPRENEURSHIP AND INNOVATION***

**“Innovation System of the Russian Academy of Sciences as Part of a National System of Innovation”**

***Sergey M. Aldoshin***  
*Director, Institute of Problems of Chemical Physics of the Russian Academy of Physics*  
*Russia*

**“Building Business Partnerships-What We Have Learned”**

***Cathleen Campbell***  
*Senior Vice President, CRDF*  
*United States*

**“The Role of Universities and Institutes of the Russian Academy of Sciences in the Development of the Innovation Economy”**

***Nikolay N. Kudryavtsev***  
*Rector, Moscow Physics Technical University*  
*Russia*

**“Developing a Talent Pipeline”**

***Steven Chase***  
*President, Intel-Russia*  
*United States*

**“About the Role of the System of Extra-budgetary Funds in the Financing of NIOKR”**

***A. Fonotov***  
*Russia*

**“Partnerships in Technology Commercialization: The IPP Model”**

***Anne Phillips***  
*Senior Policy Advisor, Department of Energy*  
*United States*

**“Programs for the Support of Small Enterprises in the Scientific and Technical Spheres”**

***I. Bortnik***  
*Russia*

**1:50-3:30 p.m.**

**Lunch**

Hosted by the Ministry of Education and Science and the Federal Agency on Science and Innovation of the Russian Federation

**3:30-5:00 p.m.**

**Roundtable Discussion I. (Moderated by Co-Chairs)**

**“Lessons Learned”-**

***Analysis of existing programs and initiatives on innovation cooperation***

- Programs supporting small business in the science and technology field
- The role of the system of research and development non-budget funding
- The role of universities and laboratories in the development of an innovation economy

**Roundtable Discussion II. (Moderated by Co-Chairs)**

***Council activities and cooperation on commercialization of science and technology***

- State support of direct and venture capital investment
- Development of public-private partnerships in Russia
- Training of management personnel for science innovation activities

***Thursday, June 23, 2005***

**10:00-11:30 a.m.**

**“THE WAY FORWARD”**

***DEVELOPING POLICY CONDUCIVE TO FORMING SUSTAINABLE COMMERCIAL PARTNERSHIPS***

**“Cooperative Commercialization”**

***Jeffrey Milanette***

***President, Innovation Partners***

***United States***

**“State Support of the Market of Direct and Venture Investments”**

***Al’bina I. Nikkonen***

***Executive Director, Russian Association of Venture Investments***

***Russia***

**“Building a Self-sustaining Model for High Tech Start-up Success Through True Cross-Border Collaboration”**

***Leon Polott***

***President, SiTech***

***United States***



**“The Development of Public-Private Partnerships in Russia”**  
*Nikolay V. Mikhailov*  
*Member, Board of Directors, AFK (JSFC) “Systema” Corporation*  
*Russia*

**11:30-11:50 a.m.**

**Break**

**11:50 a.m. - 1:30 p.m.**

**“The Role of Innovation-Technology Centers, Technoparks and Business Incubators in the System of Infrastructural Support for Projects of Innovation Cooperation”**  
*V.A. Bespalov*  
*Russia*

**“The Role of Patents in Innovation and Commercialization of Technology”**  
*Charles Eloshway*  
*Patent Attorney, United States Patent & Trademark Office*  
*United States*

**“The Regulation of Issues of Cooperation in the Area of the Protection and Distribution of Rights Regarding the Results of Scientific-Technical Activity during the Realization of Innovative Projects in the High Tech Sphere”**  
*B. Simonov*  
*Russia*

**1:30-3:00 p.m.**

**Lunch**

**Roundtable Discussions (Moderated by Co-Chairs)**  
**“The Way Forward”**  
*Developing and improving mechanisms providing innovation interaction*

- Regulating questions of cooperation in the field of distribution and protection of intellectual property (Science & Technology results) rights during the implementation of high technology innovation projects
- Attracting and facilitating access to venture capital
- Role of universities, leading national science centers, techno-parks and business incubators in the infrastructure support of innovation cooperation projects
- Developing cooperation on training of personnel for innovation technology activities

**3:00-5:00 p.m.**

**NEXT STEPS**

***CREATION OF FOCUS GROUPS***

***ORGANIZATIONAL ISSUES--DESIGNATING THE COUNCIL SECRETARIAT***

***NEXT COUNCIL MEETING – TIME AND PLACE***

***CLOSING REMARKS***

**5:00 – 6:00 p.m.**

**Reception at the Ministry of Education and Science**